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I am sure many of you have been paying attention to the debate (or lack thereof) on energy in Congress. Well now the majority has decided to take up a bill after months of pleas from Republican members of the House. However, this bill is designed to fail, and worse yet it increases spending and taxes. Don't believe it? Here are some of the details.

Lack of Incentive: The bill allows offshore drilling, only for States that choose it, no closer than 50 miles from the coast, however it also prohibits revenue sharing of new oil and gas proceeds, thereby removing any incentive for States to "opt in" and allow drilling off their coasts. Nor does the bill offer any lawsuit protection, so companies that do search for oil will continue to be hampered with limitless litigation by environmental groups.

This bill will raise taxes: This bill raises taxes on large oil and gas companies engaged in domestic energy production by nearly \$13.9 billion over 10 years, all to provide tax breaks to favored energy projects and products. The bill also limits the use of foreign tax credits on the international operations of oil and gas companies, which pushes the overall tax hike in the bill up to \$17.7 billion.

Reduces revenue: The Congressional Budget Office [CBO] has estimated the government could initially receive \$5 billion in additional revenue without raising taxes by opening the OCS and allowing drilling in the Arctic National Wildlife Refuge [ANWR]. Yet this bill continues to limit drilling in the OCS. According to CBO, it reduces revenue to the Treasury by \$1 billion,

New Fees for Energy Companies: The bill raises \$5.8 billion by imposing new fees on certain leases that currently pay no royalties. It also imposes \$1.8 billion of new fees on non-producing Gulf of Mexico leases, and requires retroactive lease payments back to 1 October 2007 on certain leases.

Higher Spending, No Deficit Reduction: The bill increases the top line for appropriated spending by \$6.6 billion, so that total 2009 nonemergency discretionary spending increases by 9.3 percent over 2008. All new revenue in the bill is set aside in a reserve fund to offset future appropriated spending increases. There is no guarantee this funding will be used to reduce U.S. dependence on foreign oil.

More Earmarked Spending: The bill restructures the New York Liberty Zone Program, making it a \$2-billion earmark that can be used for any transportation infrastructure project in New York City. The measure also earmarks \$25 million to establish a so-called "National Energy Center of Excellence."

New Spending for Energy Block Grants: The bill also authorizes \$2.5 billion in new spending for energy related block grants, and \$3.4 billion to States for transportation grants.

Exploiting the Fannie-Freddie Bailout: The bill seeks to make Fannie Mae and Freddie Mac green when the problem is they are insolvent. It directs the two financially ailing firms to develop loan products and flexible underwriting guidelines to facilitate a secondary market for energy- and location-efficient mortgages on low- and moderate-income housing. The bill also calls for Fannie and Freddie to facilitate second and junior mortgages for energy-efficiency and renewable energy improvements.